

10 November 1975

NOTE FOR THE DIRECTOR

Attached is a word sketch of what is being developed for your NFIPR.

The theme is focussed basically on

- Our continuing campaign against inflation,
- Ways to continually improve intelligence performance and productivity,
- Substantive problems to be addressed by intelligence in the years ahead,
- How we will get there, and
- What it will cost.

Executive Registry
75-9372

*In general, we should
like to be targeted more
precisely on R for
several years -
& leave the broad
Report +
staff to Annual
Perspectives
to prefer*

E. H. Knoche
AD/DCI/IC

Attachment: a/s

INFORMATION

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WORKING PAPER

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OUTLINE

OVERVIEW AND BUDGET RECOMMENDATION

Major problems facing the Intelligence Community.

- the practicalities of our national economic situation,
- the enlarged pressures on US foreign policy in a world of growing complexity,
- the impact of intelligence "exposure" *balanced against the need to place American intelligence within a constitutional framework.* ~~by the press.~~

How we propose to deal with the problems and in a cost-effective way, raise our intelligence capabilities and efficiencies against a more dynamic global environment.

- Technologies (our continuing commitment to continued development of "technical tools").
- Developing a better balance of resources along with higher productivity.

What it will take the Budget Recommendation (a specific level for FY 1977 and estimates for each of the four years that follow).

Accomplishments

"What are we getting from intelligence that is worth the investment of \$ billions annually?"

Example: A SAL agreement to stem the arms race (and prevent exorbitant costs) would not have been possible without an intelligence capability to monitor Soviet compliance at only a portion of total NFIP cost.

Example: Our intelligence systems "pay" once again in what we learn secretly of our adversaries successes and failures in ~~higher cost~~ technology developments, ~~sparing us costs to find out that something works or not.~~ And conversely, we gamble our investment less when we know that success was achieved.

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A list of other accomplishments

- monitoring of Mid-East (Egypt-Israel) situation that helped toward successful diplomatic negotiations;

[Redacted]

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- better knowledge of Soviet crops than was available in 1974; and
- better tracking of oil monies.

Completed studies on ...

- recent changes in Soviet military planning for Europe;
- costs of defense spending to the Soviet people;
- current dollar cost comparisons of Soviet and US Defense activities;
- evolving political situation in China and most probable developments after Mao;
- next steps in the Middle East;
- and other studies on Spain, Yugoslavia, Italy, Cambodia as well as forecasting of economic trends in major industrial countries.

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[Redacted]

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Resource Management Accomplishments

- a listing of several ... consolidations for economy ... better information derived on performance measures toward enhancing productivity ... more bargaining and stringent criteria in the development of national programs for Imagery, SIGINT, and Human Source Collection toward a stronger national intelligence strategy ... [Redacted] program on target ... [Redacted] progress ... improved guidance for economic intelligence collection ... review and assessment of intelligence product qualities (with recommendations for improvement) ... and others.

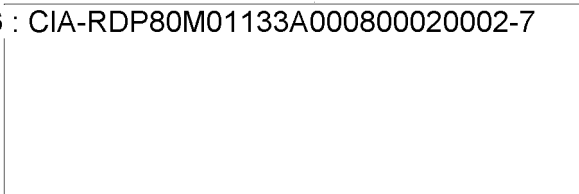
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[Redacted]

How do these track against orig. objectives?

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Trends and Highlights for Intelligence

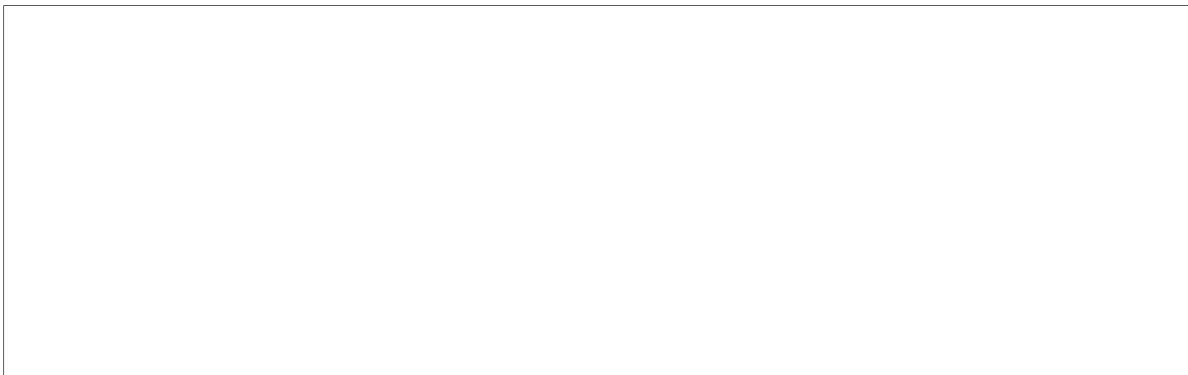
- The future threat ... world-wide general threat will rise in the late '70s to outweigh the specific and undiminished threat of Soviet high technology.
- Economics will rise to a commanding influence in national decisions around the world.
- Specific threat--Soviet spending continues to rise in its strategic military posture--doubled since 1965 with 20 percent increase in manpower over the same period (spending nearly 50 percent more than US today).
- new factors for intelligence to take into account that will span a wider range of interdisciplinary concerns, i.e., political, military, economic, scientific, cultural, sociological, etc.
- predictables--the passing of Mao and Brezhnev from the political scene--Yugoslavia after Tito. Unpredictables resulting from new leaderships affected by economic upheavals.
- Spread of nuclear capabilities and at cost levels that permit acquisition by terrorists.
- A condensed listing of substantive concerns as they appeared in "Perspectives for 1976-1981."

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Resources (The current resource picture is being developed in relation to IRAC outcome and '76 budget deliberations on the Hill). *Will include your point about the need to insure coverage of intelligence resources as a percentage of GNP and POP budget.*

PROGRAM HIGHLIGHTS

The NFIP has come to be an division of labor and assets:



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The reason: higher costs inherent to "technical" systems and technologies in general.

Dangers to our higher cost technical assets as a result of "exposure", inviting targets for major savings in the federal appropriations process, and advancement in similar technologies by our foreign adversaries. Longer range dangers can result if our current "building blocks" for the future are pruned too deeply or cut away [redacted]

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[redacted] etc.

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Payoff values of our technical inventory and the importance of one system to the total of systems. The risk of not being able to access information in denied areas of the world.

The simple power of their existence (known or suspected) to inhibit more aggressive threats and deployments by our foreign adversaries.

Their value as springboards to higher technologies and intelligence capabilities.

The breadth, volume, and precisions of information that we now acquire from technical tools in space, underwater, and on the ground.

Collection and Processing

Photo Satellite Reconnaissance:

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What [redacted] are doing for us. What [redacted] add to our intelligence capabilities, especially for warning and indications intelligence. What is possible with an [redacted] Satellite and how these advancements could retire older systems.

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The Imaging systems cost trend and forecast.

SIGINT Systems:

highly productive

The prolific producer. Types of information acquired by type of system and the need to keep them flying--as well as the need to develop better capabilities. Recommendation for each SIGINT system-- [redacted] The processing impact of increased foreign commo traffic around the world--nearly doubling every five years-- [redacted] --the cryptologic and linguistic problems--the National SIGINT Plan.

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Other Technical: (Aircraft and other mobile sensors)--not developed yet.

Human Source Collection: (in work now)

Analysis and Production (to be developed)

Research and Development

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Status of IR&D Council Progress. New targets for FY 77-- capabilities, and Human Source Collection. Trend more toward analysis and production than in collection.

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Manpower

Loss of full careers in intelligence work has become a larger part of our normal attrition. Cannot be replaced readily at any price. Lean manpower levels lessen opportunity to take away from the job for needed training courses.

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requires even higher competence in analytic capabilities--deeper insights to foreign cultures, foreign languages capabilities, linguistics skills, and more knowledge of more topics. Need in the future for new mix of talents and skills. Need for more interpretive, estimative assessments of foreign trends, and other needs.

We will in this section make three of your points: productivity vs. declining numbers; personnel outlook in the years ahead; and reliance on contracting.

Intelligence-Related Activities (in work)

Performance Evaluation

Deeper self-examination by the Community since 1972--on-going. Greater scrutiny of intelligence performance by President and Congress in their efforts to curb the rate of federal spending against the effects of inflation. And, a most thorough examination still underway in the Congress as a result of the public concern on intelligence.

Tools developed over the past couple of years to measure better our performance and productivity are now paying off--KEP, for one. Substantive quality of our products are improving as a result of our more complete review and assessment of all products.

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SPECIFIC ISSUES OF CONCERN

(In work)

CONCLUSION

(To be done when all else is done)

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